GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7326
ANSWERED ON:13.05.2005
VAT
Patil Shri Balasaheb Vikhe

Will the Minister of FINANCE be pleased to state:

(a) whether ICAI has opined that VAT collected from customers should not be shown as sales;

(b) if so, the details thereof; and

(c) Government`s reaction thereto?

Answer

Minister of State in the Minisitry of Finance (Shri S.S. Palanimanickam)

(a) & (b): ICAI has recommended that the amount of VAT collected from customers should not be recognized as income and the same should be credited to an appropriate account.

(c): As VAT is a tax intended to replace the States` sales tax, it is a State subject. Therefore, the matter has to be considered by the Empowered Committee of State Finance Ministers/State Governments.